

D.P.U. 94-2B

Application of Cambridge Electric Light Company:

- (1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 542B, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months July, August and September 1994.
- (2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00 and M.D.P.U. 404. The rules established in 220 C.M.R. 8.00 set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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-and-

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FOR: CAMBRIDGE ELECTRIC LIGHT

D.P.U. 94-2B

COMPANY

Petitioner

I. INTRODUCTION

On June 6, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. 8.00, Cambridge Electric Light Company ("Cambridge" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 524B, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 404. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of July, August and September 1994.

Cambridge, a wholly owned subsidiary of Commonwealth Energy System ("ComEnergy"), serves approximately 44,700 retail customers in the City of Cambridge, and sells power at wholesale to the Belmont Municipal Light Department. ComEnergy is an exempt holding company under the Public Utility Holding Company Act of 1935. ComEnergy's other subsidiaries, affiliates of Cambridge, include Commonwealth Electric Company ("Commonwealth"), Canal Electric Company ("Canal")¹, Commonwealth Gas Company and Commonwealth

¹ The electric operating subsidiaries are referred to collectively as "ComElectric."

Energy Service Company ("ComEnergy Service"). Cambridge operates several small oil/gas-fired generating units and has contractual interests in Canal Unit 1 and Canal Unit 2, two large oil-fired units owned by Canal.

Pursuant to notice duly issued, a public hearing on the Company's application was held on June 23, 1994 at the Department's offices in Boston. Notice of the hearing was published by the Company in the Boston Globe. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it was proposing an adjustment to its fuel charge. The Company was also required to inform all intervenors of the date of the public hearing. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored two witnesses: Charles R. Fox, Jr., senior rate analyst in rate administration at ComEnergy Services, and Michael R. Kirkwood, director of resource planning and administration for ComElectric. The Company submitted five exhibits: the prefiled testimony of Mr. Fox (Exh. CELC-1); schedules in support of Mr. Fox's testimony (Exh. CELC-2); bills and contracts for fuel oil supplies, purchased power and transmission services for March, April

and May 1994 (Exh. CELC-3); the prefiled testimony of Mr. Kirkwood (Exh. CELC-4); and schedules in support of Mr. Kirkwood's testimony (Exh. CELC-5).

II. FUEL CHARGE

On June 16, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for July, August and September 1994. For these billing months, the Company proposes a fuel charge of \$0.03333 per kilowatt hour ("KWH"). The proposed fuel charge is \$0.00379 per KWH less than the fuel charge of \$0.03712 per KWH approved by the Department in Cambridge Electric Light Company, D.P.U. 94-2A (1994) ("D.P.U. 94-2A") for meter readings for the billing months of April, May and June 1994 (Exh. CELC-1, at 4).

The Company offered several reasons for the decrease in the proposed fuel charge (id. at 5-6). According to the Company, recoverable costs for the next quarter are projected to be \$114,582 less than the recoverable costs included in D.P.U. 94-2A (id. at 5). The Company further explained that there was: (1) a decrease of \$660,854 in the prior period reconciling adjustment, as a result of an undercollection of \$891,965 in D.P.U. 94-2A and an undercollection of \$231,111 in the current filing (id.); (2) a decrease of \$234,100 in projected purchased power demand and transmission costs, primarily

due to the Altresco-Pittsfield facility having a lower capacity entitlement during the summer months and thus, lower demand charges (id.; Tr. at 23); and (3) an increase of \$808,000 in projected energy costs, which the Company attributes primarily to an increase in the purchase of power from NEPOOL (Exh. CELC-1, at 5; Tr. at 24). Cambridge also projects an increase in sales of 32,465,000 KWH for the third quarter of 1994, which is attributable to extreme weather conditions (Exh. CELC-1, at 5).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during July, August and September 1994:

Energy Rates By Voltage Level (Dollars/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
13.8 KV	0.02495	0.02043	0.02165
Primary	0.02539	0.02080	0.02204
Secondary	0.02575	0.02110	0.02236

(Exh. CELC-4, Sch. 1, at 1).

Short-Run Capacity Rates (Dollars/KWH)

Voltage Level

13.8 KV	0.04610
Primary	0.04708
Secondary	0.04753

(id. at 9).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of July, August and September 1994, shall be \$0.03333 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. that the qualifying facility power purchase rates for July, August and September 1994, shall be the rates set forth in Section III,

above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is ORDERED: That the Cambridge Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.03333 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of July, August and September 1994, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of July, August and September 1994, shall be those set forth in the Table on Page 4 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,

Kenneth Gordon, Chairman

Barbara Kates Garnick,

Commissioner

Mary Clark Webster,

Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).